

# AUSTRALIAN INNOVATIONS

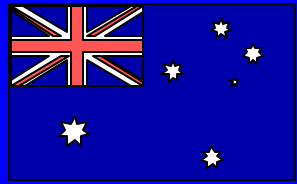
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## Recent Developments in Australian EVM Practices

Jim Muir & Kirsty McLean

October 1998

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# EVM Down under

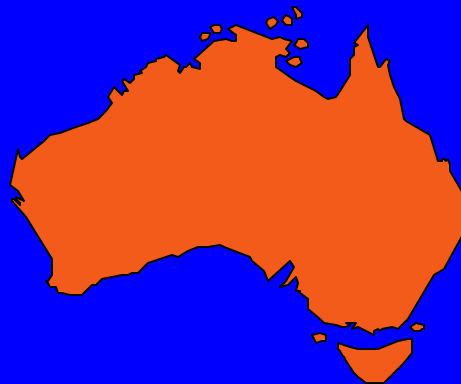
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- ◆ Where does EV fit into the Aust DoD?
  - Defence Acquisition Organisation
  - Introduction of EV through Senate review 1986
  - EVMS Section: operations, industry liaison
  - Capital Equipment Program: project review, policy, change

# Australian Industry

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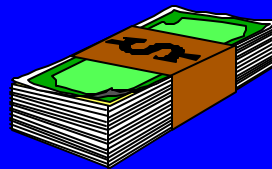
- ◆ How does Australian industry fit in?
  - Around 20 Australian companies certified
  - ASC, Tenix, BAeA
  - Raytheon E-Systems, BAe, Kaman, Nortel
  - natural international focus



# How does the DoD contract?

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- ◆ Fixed price and EVMS
- ◆ IPTs
- ◆ Project teams (no DCMC)
- ◆ Annual EVMS Surveillance Reviews
- ◆ Funding for project life
- ◆ Professional Service Providers/ contractors



# Defence Reform

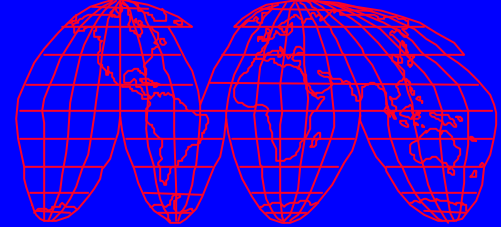
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- ◆ 20% staff reduction of senior officers
- ◆ Projects civilianised
- ◆ Move funds from tail to teeth
- ◆ Commercial support
- ◆ Impact on EVMS
- ◆ New structure



# International links

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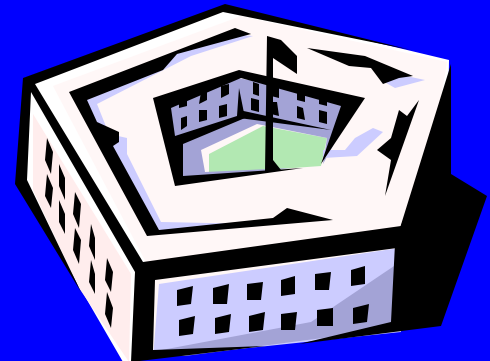
- ◆ International Performance Measurement Council 1992
- ◆ Trilateral MOU
- ◆ International Standard?
- ◆ Links to Sweden, US, NZ, Canada, UK
- ◆ Australian project teams overseas
- ◆ Exchange Program with USA

# Exchange Officer

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## ◆ Situation

- MOU between Australia-USA
- Aust exchange officers: John Payne, Jim Muir
- US Exchange officers: Jan Peterson, Karl Rehling, Van Kinney, Debbie Murray
- seek understanding of international EVMS
  - » Strategy
  - » Policy
  - » Practice



# Exchange Officer (cont)

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## ◆ Mission

- Share EVMS best practice between Aust and US Govt and Industry

## ◆ Execution (how)

- Liaise and represent Australia at all levels of Govt and industry
- Contribute to policy and practice
- Seek best practice in EVMS and Acquisition reform

# Exchange Officer (cont)

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## ◆ Admin and Logistics

- Based in DCMC HQ
- Placed in plant office, EVMS Center, DCMC HQ, Pentagon

## ◆ Communications

- Facilitate links between Aust and US DoD and industry on acquisition issues
- Details: Earned Value Center, 5th Floor, 222 N. Sepulveda Blvd, El Segundo, LA 90245-4320
- Ph 310 3354248 Fax 3354222
- email: [kirsty.mclean@altavista.net](mailto:kirsty.mclean@altavista.net)

# Recent innovations in Australia's application of earned value management.

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- ◆ changed review practices (as used for British Aerospace and Kaman)
- ◆ interactive system development and review
- ◆ Australia's direction on standards for EVM
- ◆ contracting out of EVM services
- ◆ payment by earned value
- ◆ the use of PRINCE 2 as a PM methodology
- ◆ use of earned value data for Corporate level reviews of Defence projects (DARB)

# Changed review practices

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- ◆ Recent reviews at RLM, British Aerospace and Kaman
- ◆ Drivers of reform are:
  - resource constraints
  - increased partnering with contractors
  - change of emphasis from seeking perfection to seeking working & workable management system

# What's different?

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- ◆ Shorter reviews with smaller teams reduces resource requirements on both sides
- ◆ Contractors encouraged to have team members on the review - both sides are striving for a workable system
- ◆ Maximise the participation of Project staff, particularly resident team
- ◆ Just 2 or 3 external “experts”

# What's different (2)

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- ◆ Use of “in country” resources for overseas reviews
  - resident team
  - posted staff
  - embassy/high commission personnel
- ◆ Emerging use of professional service providers
- ◆ Reduced reporting

# Interactive system development & review

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## ◆ Old way was

- you present the system to us and we will tell you whether it is compliant or not
- we are not a consultancy service, if you need advice hire it in
- we won't commit ourselves until we see it in operation

## Interactive system development & review (2)

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- ◆ New direction is:
  - Build a little, field a little
  - Incremental sign-off on system modules
  - Formal reviews allow contractor and customer to ensure system integration works and identify any implementation or training problems

# Partnering

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- ◆ Partnering Charter with BAe 3 months after contract promoted open & effective relationship
- ◆ Prime enablers for the improvement:
  - Resident Team Leader's membership of BAe LIF Project Board;
  - Resident Team members' regular attendance at the BAe LIF Team Meetings;
  - RT Leader weekly meetings with the BAe Head of Hawk Project to address top ten issues;
  - joint presentations at PMR by BAe and Commonwealth staff
  - exchange of internal status/issues reports

# Standards for EVM

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- ◆ Standards Australia has accepted a project to introduce a national EVM standard after wide industry survey
- ◆ Basis for standard development will be ANSI Standard on EVMS Guidelines, ANSI/EIA -748-98
- ◆ New Implementation Guidance will be produced
- ◆ DEF(AUST)5655/5657/5658 will be superseded
- ◆ CSSR would no longer be required

# Contracting out of EVM services

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- ◆ Defence has put in place a Panel Standing Offer with five separate companies
- ◆ Standing Offer is for provision of earned value professional services
- ◆ Services in four broad categories:
  - Review support
  - Training
  - Analysis
  - Studies

# Payment by earned value

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- ◆ Our standard approach to progress payments is pay on a combination of physical milestones and earned value
- ◆ Split between EV & MS in range of 50-50 to 90-10, based on risk
- ◆ Level of verification of payment claims tailored for risk
- ◆ EV payments start after IBR for validated contractors, or after RA for new systems

# PRINCE 2 as a PM methodology

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- ◆ DoD is trialing PRINCE2 as a standard PM Methodology
- ◆ PMM a key point of our Business Process Re-engineering effort
- ◆ PRINCE2 has much in common with EVM, eg work definition, responsibility assignment, work package authorisation, product based planning.
- ◆ Tailored application for Defence.

# EV data in Corporate level reviews of Defence projects - DARB

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- ◆ Defence Acquisition Review Board (DARB) established as part of Defence Reform Program
- ◆ DARB reviews the top 20 projects and others by exception
- ◆ DARB also reviews aggregate performance data and acquisition processes

# EV data in Corporate level reviews of Defence projects - DARB (2)

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- ◆ Project reviews include current performance and lessons learned
- ◆ Performance must include:
  - Cost, schedule & technical achievement
  - EV data
  - EACs
  - Key event schedule
  - Finance
  - Contract changes

# Australian Innovations - Summary

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- ◆ EVM application continues to evolve
- ◆ Directions are in harmony with US approach
- ◆ Now working top down to encourage EVM use through DARPA as well as bottom up through contractor implementation & review